



# Wholesale Alcohol Tax

## News and developments

A publication of the Alcoholic Beverages Section

Rick Clayburgh  
Tax Commissioner

### Radio Promotions - "Free Spots"

We have been advised that information provided in our policy memorandum dated February 2003 regarding radio promotion advertising was incorrect, specifically in regard to the use of "free spots."

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The alcoholic beverages law provides that an advertisement for a radio promotion paid by a wholesaler may be general in nature and can advertise their alcoholic beverages. The wholesaler's advertising **cannot** mention a specific retailer of alcoholic beverages. Nor can there be cooperative advertising between the wholesaler and retailer.

On occasion, a radio station may provide "free spots" to the wholesaler as a result of the wholesaler purchasing a specific number of radio advertisements

from the station. The free spots provided to a wholesaler may not refer to a retail licensee. And, contrary to the information provided in the February 2003 memorandum, may not be used for a retailer of alcoholic beverages in connection with a broadcast conducted by the radio station, as this would constitute *something of value*.

To ensure compliance and avoid any violation of law, wholesalers must make sure:

- Radio advertising, including free spots, provided to wholesalers does not mention the name or location of any retailer of alcoholic beverages.
- A formal or informal agreement is not completed with a radio station to use free spots or accrued credits for the benefit of any retailer of alcoholic beverages.
- A remote broadcast or other advertisement completed by a radio station for a retailer of alcoholic beverages is not to be paid for directly or indirectly by a wholesaler, and may not be conducted concurrent with any planned promotional activity.

Wholesalers of alcoholic beverages may advertise using radio, television, newspapers, magazines, and on billboards as provided by law. Wholesalers may not enter into cooperative advertising agreements or activities with retailers of alcoholic beverages, or allow a radio station to use the wholesaler's free spots to the benefit of any retailer of alcoholic beverages. 




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### Tap Cleaning

We are continuing to review with members of the alcoholic beverage industry the issue of tap cleaning services to determine if this service represents "something of value", and if so, how to determine the value of the service. As part of this deliberation, we are using the results of the survey completed by wholesalers.


## Wholesaler Survey Results

1. *Does your wholesale business provide tap cleaning services to retailers in your sales territory?*  
Yes: **16** No: **6**
2. *If tap cleaning services are provided, what is the frequency?*  
Every 2 weeks: **9** Every 3 weeks: **5** Monthly: **2**
3. *If the retailer is charged for the tap cleaning service, what is your established charge?*  
No charge: **13** \$3 - \$7.50 per line: **2** Third-party provider: **2**
4. *Does your established charge change for retailers under any circumstances?*  
No additional charges for cleaning.
5. *If the wholesaler is providing tap cleaning free of charge, what value is used for tracking these amounts?*  
Do not track or determine value. \$3.00 - \$5.00  
Built into price of keg  
Beer cleaning records maintained  
Provide payments to third-party providers
6. *Any additional comments from the wholesaler that relate to this survey?*  
Believe retailer should bear cost.  
Delivery and service obligations dictated by brewery contracts.  
Wholesalers should clean own lines to ensure tap beer quality.  
Quality control measure.  
Third-party provider enables all lines to be cleaned at one time. 

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## Frequently Asked Questions

In order to provide up-to-date information about current issues and concerns involving alcohol enforcement and taxes, we have included a *Frequently Asked Questions* page on the department's Web site for Alcohol Tax & Enforcement. It is our intent to continually add to this page to help the industry stay informed on issues and concerns.


To access this information, please click on the **Frequently Asked Questions** link at [www.ndtaxdepartment.com](http://www.ndtaxdepartment.com). You should then click on **Alcohol Tax & Enforcement** to access the listing of questions and responses. Unlike the other tax types, the frequently asked questions for alcohol tax and enforcement will be added to on a continual basis and each question will be followed by a date identifying the month/year it was posted to this page. For this reason, you will want to check this page out periodically for new questions and responses. 

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## Online Newsletters

In addition to the Frequently Asked Questions on the department's Web site, you can subscribe to the department's newsletters and publications, which include Income Tax, Motor Fuels Tax, Property Tax, Research & Statistics, Sales Tax, and Alcohol Tax.

To receive an online newsletter, we simply require that you add your name and e-mail address to our e-mail subscription listserv. Once you have subscribed for online newsletters, they will come right to your e-mail account. You can save them, delete them, print them, or distribute them. Because e-mail is instantaneous, it is a great way to distribute news in the quickest manner possible.


For more information on how you can sign up to receive electronic copies of future newsletters, please click on our **Newsletter Subscription** link at [www.ndtaxdepartment.com](http://www.ndtaxdepartment.com). You will be asked to enter your name and e-mail address and click the submit button. You will then be asked to select those newsletters you wish to receive, including the alcohol newsletter. Once registered, you will automatically receive future editions of the newsletter electronically. Although taxpayers will continue to receive a paper copy of various newsletters for the present, this electronic service provides you an opportunity to receive the most current newsletter instantaneously. 

*Because  
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possible.*

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## Taxpayer Assistance

If you have questions regarding alcohol taxes, enforcement, or about correspondence received from our office, the following information will be helpful in ensuring that your call or visit to our office is completed in a speedy and efficient manner:

- If you have general alcohol questions, please call our Alcohol Compliance Section at (701) 328-3139.
- If calling our office about correspondence you have received, please call the number listed on the correspondence, and have a copy of the correspondence available when you call.
- When calling our office, please note the name of the person assisting with your question in the event you will have any follow-up questions later.
- Instead of calling or visiting our office, you may also e-mail us at [alcoholtax@state.nd.us](mailto:alcoholtax@state.nd.us). 

This newsletter is available free of charge on our Web site at [www.ndtaxdepartment.com](http://www.ndtaxdepartment.com) or in hard copy. We offer an e-mail notification service to subscribers as soon as a new issue is placed on our Web site. To join the e-mail service, simply visit our Web site and click on "Newsletter Subscription" located in the top blue bar at the right side of our home page. If you prefer to receive a hard copy, contact the Alcohol Beverage Section at (701)328-3139 to be placed on our mailing list.



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